

Frauenthal Holding AG announces annual results for 2009

The Frauenthal Group's diverse portfolio has proven its worth. Although the 2009 crisis undoubtedly left its mark on the Group, two of Frauenthal's three divisions posted strong performance last year. The Automotive Components Division felt the full force of the downturn, recording a loss of EUR 29.4 million (m). This included non-recurring restructuring costs of EUR 17.3m. Consolidated revenue declined from EUR 645m to EUR 455m, while total assets slipped by EUR 70m to EUR 255m.

Thanks to the rapid and rigorous implementation of the necessary restructuring measures, the Group was able to cut fixed costs by EUR 19m in 2009. Headcount has fallen by 1,200 since the start of the crisis, and structures have been successfully aligned with future needs, enhancing the Group's competitiveness. Frauenthal's balance sheet remains sound, with an equity ratio of 28.3% and a ratio of long-term to total borrowings of 82%. This gives the Company a strong platform for future success.

The severity of the downturn on the international commercial vehicle market was reflected in Frauenthal's Automotive Components Division, which saw revenue drop by 63%. The Group responded swiftly to the slowdown with a series of measures including a reduction in agency staff numbers, the introduction of short-time working, temporary redundancies, and the closure or disposal of four production sites. Thanks to these steps, earnings before interest, tax, depreciation and amortisation (EBITDA) edged into positive territory in the fourth quarter. However, earnings before interest and tax (EBIT) for the year in the Automotive Components Division were negative by EUR 37.3 m.

In contrast Porzellan Frauenthal GmbH — the Group's Industrial Honeycombs Division — saw a jump of almost 50% in revenue and a significant improvement in earnings. Demand for power station catalysts remained strong in all markets, and the Group's successful entry into the Chinese market resulted in full capacity utilization and record revenue of EUR 70m. EBIT rose to EUR 6.4m. The sharp increase in deliveries to Huaneng Power International, China's largest power supplier, was the major highlight of the year.

The Wholesale Plumbing Supplies Division (SHT Group) bucked the market trend to record 4% revenue growth, thanks mainly to strong growth in the private renovations segment. Despite aggressive price competition SHT also managed to grow its market shares and consolidate its market leadership. Although fierce price competition drove down margins during the year, the Division posted EBIT of EUR 6.1m — an outstanding result compared with SHT's industry peers.

The year ahead will be a period of consolidation for Frauenthal. With inventory rundowns largely completed, commercial vehicle production should once again be in line with vehicle registrations. Industrial Honeycombs entered the new year with record order books and production of a new range of power station catalysts starting up. The outlook for the Division points to continued growth in the next 12 months. SHT expects a stable year, with robust revenue offsetting the decline in building construction and the effects of stiff price competition. Overall, Frauenthal's management is confident that the Group can again look forward to a strong performance in 2010.

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The full text of the annual report can be downloaded from [www.frauenthal.at/Investor Relations/reports](http://www.frauenthal.at/Investor_Relations/reports).